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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Jeff Hatch-Miller, Chairman
William A. Mundell
Mike Gleason
Kristin K. Mayes
Gary Pierce

2007 FEB 27 P 4:04

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Arizona Corporation Commission

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FEB 27 2007

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IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION, TO EXEND ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY IN THE CITY OF CASA GRANDE
AND IN PINAL COUNTY, ARIZONA

Docket No. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-05-0926

GLOBAL'S OPPOSITION TO

ARIZONA WATER COMPANY'S MOTION TO STAY

Santa Cruz Water Company, LLC; Palo Verde Utilities Company, LLC; Global Water –
Santa Cruz Water Company and Global Water – Palo Verde Utilities Company (collectively,
“Global”) respond in opposition to the Motion to Stay from Arizona Water Company (“AWC”).

I. INTRODUCTION.

AWC's motion should be rejected because it has no merit and because it is untimely. This
appears to be nothing more than a desperate attempt by AWC to delay Global's right to have its
application heard. The fundamental questions at issue in this case include: (1) what weight

1 should the Commission give to landowner rights; and (2) what weight should the Commission
2 give to water conservation. Resolving those issues does not require addressing the issues in
3 Docket Nos. W-00000C-06-0149 and W-01445A-06-0200.

4 Further, AWC misstates when it had notice that Infrastructure Coordination and
5 Financing Agreements ("ICFA's") would be used for acquisitions. The following timeline shows
6 that AWC had ample notice about the ICFAs purpose and to resolve any issues regarding
7 outstanding data requests:

- 8 • April 24, 2006 – Global tells AWC that ICFA fees can be used to pay for acquisitions.¹
- 9 • June 23, 2006 – Global files its comments in the Generic Financing Docket (Docket
10 No. 00000C-06-0149); Global clearly states the purposes of the ICFAs including to
11 help fund consolidation of small water and wastewater utilities.
- 12 • October 6, 2006 – Staff files its Report in the Generic Financing Docket. Staff notes
13 throughout its Report that it is a "preliminary evaluation" of the ICFAs. Staff also
14 notes the purposes of such agreements including "annexation assistance." Staff also
15 concludes that "it is unclear whether the Commission has jurisdiction over the
16 contracts or the related activities." Finally, Staff concludes that "ICFA type
17 arrangements can provide appropriate long-term solutions which promote
18 conservation of water supplies and efficient wastewater utilization."²
- 19 • December 22, 2006 – After a meet and confer that took place December 14, 2006,
20 AWC sends its renewed requests for responses and follow-up information from
21 Global. AWC makes no offer as what it is willing to provide; rather, it just makes
22 demands upon Global.

23
24
25
26 ¹ See Global's Motion To Dismiss at 10 filed April 24, 2006 in Docket No. W-01445A-06-0200,
et al.

27 ² See Staff Report (Docket No. 00000C-06-0149) at 2-4, 7.

- 1 • January 9, 2007 – Global provides a response to AWC’s December 22, 2006, letter
2 offering a compromise as to outstanding data requests between the two parties.
- 3 • January 16, 2007 – Global files notice of the CP Water and Francisco Grande
4 acquisitions pursuant to Decision Nos 67240 and 67830.
- 5 • January 26, 2007 – Global files its direct testimony where Trevor Hill, Global
6 Parent’s President and CEO, also announces the stock purchase of both CP Water and
7 Francisco Grande.
- 8 • February 9, 2007 – a month after Global responded to AWC’s last discovery letter,
9 AWC makes further demands through correspondence. AWC rejects Global’s offer
10 and continues to demand information that is irrelevant, overbroad, and beyond the
11 scope of these proceedings. Further, AWC demands information that is clearly
12 confidential and proprietary.
- 13 • February 20, 2007 – Global provides AWC a copy of the Acquisition Schedule and a
14 copy of the relevant ICFA that cover Global Parent’s acquisition of CP Water and
15 Francisco Grande.
- 16 • February 26, 2007 – a week before hearings are scheduled to start, AWC files its
17 motion to stay proceedings.

18 This timeline clearly shows that AWC has known and/or should have known that ICFA
19 funds can be used to purchase utilities such as CP Water and Francisco Grande. This has not
20 been a secret to anyone. AWC also had ample time to have any discovery disputes resolved – and
21 even now has not filed the appropriate pleadings to do so. Even so, the time is well overdue to
22 deal with these matters. AWC should not be allowed to further delay these proceedings now.

23 **II. AWC’S BASES FOR A STAY ARE UNFOUNDED.**

24 AWC provides no substantive grounds to justify continuing this hearing. First, AWC
25 mischaracterizes Global’s testimony. The information regarding Global’s acquisition of CP
26 Water and Francisco Grande was to specifically rebut AWC’s notion that it should get its
27 requested certificate simply due to some nebulous ‘logical extension of growth’ theory. But

1 clearly, Global listed ample reasons independent of CP Water or Francisco Grande in its direct
2 and rebuttal testimony as to why Santa Cruz and Palo Verde should receive their requested
3 certificate extensions – most notably the specific landowner requests to Global for service,
4 Global’s integrated water and wastewater service and Global’s triad of conservation that it is
5 actively implementing. Global also prominently noted AWC’s lack of resolve towards actively
6 implementing conservation efforts and the lack of support from landowners and developers for
7 its application. Further, Mr. Hill mentioned consolidation of facilities in his direct testimony.³ If
8 AWC had read Global’s pleadings from other dockets, it would have clearly known that Global
9 uses ICFA funds to purchase other utilities as part of consolidation efforts.⁴

10 Second, for reasons set forth in prior pleadings, Global Parent – the parent company for
11 both Santa Cruz and Palo Verde – is not a public service corporation. Global has maintained its
12 position throughout this and other proceedings for some time,⁵ yet AWC waits until the eleventh
13 hour to try and stay these proceedings based, at least partially, on those grounds. Further, Global
14 Parent (through Global Water, Inc.) acquired the stock of CP Water and Francisco Grande and
15 did not need approval under A.R.S. § 40-285. Instead, acquisitions by Global Parent are
16 governed by Decision No. 67240 (Sept. 23, 2004) and Decision No. 67830 (Sept. 23, 2004).
17 Those decisions expressly contemplate future acquisitions by Global Parent, and require only
18 post-closing notice to the Commission. The required notice was filed on January 16, 2007. A
19 copy of that notice is attached as Exhibit 4.

20 Third, AWC’s motion mischaracterizes Staff’s view about ICFAs. Staff stated that
21 “ICFA type arrangements can provide appropriate long-term solutions which promote
22 conservation of water supplies and efficient wastewater utilization.”⁶ Further, Staff was
23

24 ³See Direct Testimony of Trevor Hill at pages 16-17.

25 ⁴See Global’s Comments in Docket No. W-00000C-06-0149 (June 23, 2006) at 2; See Global’s
26 Motion To Dismiss at 10 filed April 24, 2006 in Docket No. W-01445A-06-0200, *et al.*

27 ⁵See Global’s response to Staff’s Brief in Docket No. W-01445A-06-0200 *et. al.* (February 23,
2007) at 5-9.

⁶ See Generic Financing Docket, Staff Report at 7.

1 concerned about ICFAs and whether they were jurisdictional, not whether they were illegal.⁷ The
2 Staff Report in the Generic Financing Docket is a preliminary evaluation and Global encouraged
3 Staff to continue the process in that docket. So, AWC's classification of the ICFAs as flouting
4 Commission authority and Arizona law is inflammatory rhetoric that is inappropriate and directly
5 contrary to the statements made about ICFAs.

6 **III. AWC'S MOTION IS UNTIMELY AND SERVES ONLY TO DELAY THE**
7 **HEARING.**

8 Even if there was any substance to AWC's arguments, the timing of its motion justifies
9 its rejection. AWC had ample time to vet any issues before now. Global offered a reasonable
10 compromise to AWC's tired complaints about information it should be entitled to. Instead of
11 addressing the issues promptly, AWC simply dragged its feet waiting until now to file a motion
12 to continue. AWC's tardiness should not be rewarded here.

13 First, AWC was aware of Global's equity acquisition of CP Water Company and
14 Francisco Grande Utilities Company *at least* since January 26, 2007, the date Global filed its
15 direct testimony in these matters. Further, regarding the so-called discovery dispute AWC
16 continually refers to, AWC was clearly made aware of Global's position *at least* since January 9,
17 2007. A copy of AWC's discovery demands and Global's reasonable responses is attached to
18 this pleading as Exhibit 1. Yet, despite knowing all of this information, AWC waits until seven
19 days before the commencement of the hearing to file what is essentially an indefinite motion to
20 continue this case. The Administrative Law Judge should not tolerate this blatant attempt to
21 delay these proceedings and the applications of Santa Cruz and Palo Verde, which are now well
22 over a year old.

23 Second, AWC fails to note in its motion the substance of its requests. Global, however,
24 provides those requests here as Exhibit 2 to this pleading. AWC Data Request No. 1.15 requests
25 *all* utilities or public service corporations in Arizona which any of the Global entities acquired or
26

27 ⁷ See Staff Brief in Docket No. W-01445A-06-0200 et. al. at 2, 10-11.

1 seek to acquire. AWC Data Request No. 1.16 seeks an accounting of *all* monies or other
2 consideration for any such purchase or proposal to purchase, including the purchase price and
3 amount of stock. Global is not obligated under any scenario to provide such competitively-
4 sensitive information to a potential rival and competitor in the water business, especially for
5 entities that Global may purchase. AWC also seeks, in its Data Request No. 1.100 information
6 about every transaction regarding ownership interest, including journal entries. Yet, AWC has
7 failed to provide even the present ownership of its ultimate parent and has not supplemented this
8 response.⁸ By contrast, Global has provided AWC with a copy of the relevant Infrastructure
9 Coordination and Financing Agreement ("ICFA"), for CP Water and Francisco Grande in light of
10 Mr. Hill's testimony, as well as providing other information about the relevant ICFAs. Global
11 also offered to provide dates and descriptions of acquisitions made in the last five years,
12 regarding ownership.⁹ But AWC has not accepted these offers.

13 Third, AWC fails to point out its refusal to provide information relevant and pertinent to
14 these proceedings, such as documents related to its lawsuits against other entities for providing
15 reclaimed water – a key issue to this case. Global is willing to forego seeking compulsion on
16 these requests for the sake of moving the process along, despite AWC's continued and chronic
17 avoidance of disclosing this information. Discovery disputes over AWC's failure to produce
18 information simply play into AWC's strategy of delay. Global's applications have already taken
19 more time than they should as a result of AWC's tactics.

20 Finally, and perhaps most importantly, Global filed its applications on December 28,
21 2005. Today is February 27, 2007. Landowners have directly requested service from Global
22 because, among other reasons put forth in its testimony, Global can provide integrated water,
23 wastewater and reclaimed water service. AWC clearly cannot do so. These landowners have
24 waited patiently – over a year – for this case to reach a conclusion. Even on its present track, this
25

26 ⁸ See AWC Response to Global Data Request 1.4, attached as Exhibit 3.

27 ⁹ See Global's January 9, 2007 Response to AWC at 6 in Exhibit 1.

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case will unlikely be resolved until the summer of 2007. Landowners should not be held hostage to a series of frivolities from AWC. This latest stunt from AWC should be rejected as contrary to the rights of landowners to receive water, wastewater and reclaimed water service from a compliant, lawful, reliable and safe provider of services like Global.

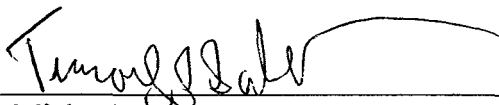
CONCLUSION.

Global respectfully requests that AWC's motion be denied as untimely and without merit.

RESPECTFULLY SUBMITTED this 27th day of February 2007.

ROSHKA DEWULF & PATTEN, PLC

By



Michael W. Patten
Timothy J. Sabo
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Original + 17 copies of the foregoing
filed this 27th day of February 2007, with:

Docket Control
ARIZONA CORPORATION COMMISSION
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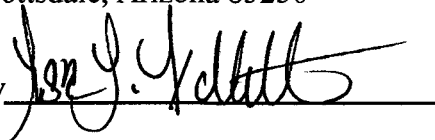
Copies of the foregoing hand-delivered/mailed
this 27th day of February 2007, to:

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26 By 

EXHIBIT

"1"



Steven A. Hirsch
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December 22, 2006

**VIA FAX 602-256-6800
AND REGULAR MAIL**

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Re: Follow-up to our Meet and Confer Meeting Concerning Global's Responses
to Data Requests; Arizona Water Company v. Global Water Resources, et al.,
Docket No. W-01445A-06-0199

Dear Tim:

As we discussed at the meet and confer meeting in your offices on December 14, 2006, this letter summarizes the notes Rodney, Bob and I made following our meeting regarding remaining open items. After much discussion and compromises concerning the many pending data requests that have not been answered, in an effort to resolve any disputes, Arizona Water Company significantly narrowed its requests. Arizona Water Company now summarizes the remaining data requests that need to be supplemented by the Global Entities. If full answers are forthcoming to the following requests, Arizona Water Company will not seek an order compelling responses to the other requests that remain unanswered.

1. Infrastructure Coordination and Financing Agreements ("ICFAs")

The remaining Arizona Water Company data requests at issue are 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7 and 1.101.

We requested (and understand that you will investigate and respond with) more particularity and detail concerning Global's contact and communications with landowners who enter into ICFAs.

We also request a more readable (with larger font) spreadsheet of property owners involved. (Perhaps you could simply provide us with an electronic version of the spreadsheet that was earlier provided in hard copy only.)

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And Bryan Cave,
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London

December 22, 2006

Page 2

Bryan Cave LLP

We also request that Global provide copies of all ICFA's and related maps of ICFA areas, but agree to limit this request to the disputed area. We would continue to ask for a listing of ICFA's with owners both within and outside of the disputed area.

Concerning requests 1.7 and 1.101, we request a more detailed accounting of monies received by Global under the ICFA's in the disputed area. Please see Request 1.101 for the parameters of what we mean by an "accounting."

2. P3 Agreements

The remaining Arizona Water Company data requests at issue are 1.8, 1.9, 1.10, 1.11, and 1.14.

Please confirm that the only P3 agreements entered into by Global in the disputed area involve the cities of Casa Grande and Maricopa. If that is the case, we do not need copies of these documents (or we may ask you to confirm that our copies are correct).

Please disclose all of the correspondence and communications between Global and the two cities listed above.

Concerning 1.14, please confirm that no other consideration has been paid by Global to the relevant cities other than the payments referenced in the agreements. Because the payments are based on units, please provide us with the total amount paid to each city as of the current date (or a date reasonably close that may be more consistent with Global's accounting methods).

3. Global's Ownership and Sources of Equity

The remaining Arizona Water Company data requests at issue are 1.26, 1.50, 1.51, 1.52, 1.101, 1.102, 1.103, and 1.104.

We understand that the regulated utilities are 100% owned by Global Water Resources, L.L.C, which provides all of their equity. However, we are requesting additional information about the sources of equity of that parent, particularly whether any of the parent's equity derives from ICFA funds. Global's reference to "filings" in a number of dockets in response to 1.52 is insufficient and we request that Global provide specific explanations and detail as to the sources and amounts of its equity capital.

To the extent that Global contends that responding to requests 1.101 through 1.104 is too burdensome, please respond with a reasonable and fair proposal on how Global would narrow the requests so as to lessen any alleged burden.

December 22, 2006

Page 3

Bryan Cave LLP

4. Intra-Company Agreements to Sell Effluent

The remaining Arizona Water Company data requests at issue is 1.81. We understand that there is an agreement between Palo Verde Utilities Company and Santa Cruz Water Company related to the sale of effluent. Please provide us with a copy of that agreement.

5. Alleged Benefits of Integrated Services

The remaining Arizona Water Company data requests at issue are 1.73, 1.91, 1.92, and 1.93.

Global agreed to provide a more detailed answer to request 1.73 that eliminates the vagueness created by use of "etc."

We again request that Global respond to 1.91 by providing some calculation of the amount of savings allegedly incurred because of "integrated" water and sewer services, or simply confirm that no such calculation exists or can be made.

Concerning requests 1.92 and 1.93, we request that Global provide copies of billings by Global Water Management LLC and/or other Global entities to the Santa Cruz Water Company and Palo Verde Utilities Company for the services rendered. Please provide information about the "market based prices," including the details of those prices and the total billings.

6. Bond Requirement

The remaining Arizona Water Company data requests at issue are 1.56, 2.7, 2.8, 2.9 and 2.10. We understand that the ACC imposed a bond requirement on Global in September 2004 (Decision 67240) and that this requirement terminated in September 2006 based on Decision 68186. Please confirm for us in writing that there are no other ACC-imposed bond requirements on the Global entities, and we will deem these requests to be satisfied as part of our compromise discussions.

7. Targets for Expansion

The remaining Arizona Water Company data requests at issue are 1.15, 1.16, 1.25, 1.100, 2.12 and 2.13.

Concerning requests 1.15, 1.16 and 1.100, Arizona Water Company is willing to enter into a suitable confidentiality agreement to protect the confidentiality of this information in response to your concerns. Please provide detailed information in response to these requests and the proposed terms of such disclosure.

Concerning request 1.25 on dockets involving Desert Hills Water Company, please provide an updated response concerning any data requests in those dockets.

December 22, 2006

Page 4

Bryan Cave LLP

As to requests 2.12 and 2.13, we have asked for copies of the reports, which we will reimburse Global for, rather than sending us on a "fishing expedition" as to filings at the Commission as referenced in the current responses.

8. CAAG Plan and Process

The remaining Arizona Water Company data requests at issue are 1.20, 1.21, and 1.86. We request that Global provide us with a copy of the relevant 208 Plan and correspondence and communications related to Global's efforts to obtain a 208 plan amendment.

9. Hydrological Reports

The remaining Arizona Water Company data request at issue is 1.41. Arizona Water Company is willing to enter into a suitable confidentiality agreement related to production of such hydrological reports and information. Please provide the reports and other documents in response to these requests and the proposed terms of such disclosure.

10. Hill Murray/Canadian Issues

The remaining Arizona Water Company data requests at issue are 2.23, 2.24, 2.25, 2.26, 2.27 and 2.28. We understand Global's objection that it may not have copies of these materials related to Hill, Murray. We have greatly reduced the information sought, but this information remains uniquely in Global's possession to our knowledge. We ask that Global reconsider its objections and produce any responsive documents in its possession.

Please contact me or Rodney Ott by Friday, January 5, 2007 concerning your response to these issues.

Sincerely,



Steven A. Hirsch

Enclosures

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January 9, 2007

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Re: Response to your December 22, 2006 Letter regarding Arizona Water Company ("AWC") Data Requests to Global Water Resources, LLP, Santa Cruz Water Company ("SCWC") and Palo Verde Utilities Company ("PVUC") in Docket Nos. W-01445A-06-0199, SW-03575A-05-0926 and W-03576A-05-0926.

Dear Steve:

We have carefully reviewed your letter regarding discovery in this case, along with our recollections of the meeting held at our offices on December 14, 2006 with you, Rodney and Bob. We appreciate AWC's efforts to compromise outstanding data requests between AWC and Global. But as we discussed at the meeting, several of Global's data requests to AWC also remain unanswered or incomplete. Further, while we are willing to accommodate several of AWC's modified requests, there are some requests that we continue to object to as not relevant and beyond the scope of these proceedings. We are asking AWC to withdraw certain requests as part of our counter-offer here.

What follows is our proposal to match AWC's requests with Global's requests. This is also a significant compromise to our requests as well as an attempt to limit follow-up discovery requests. Should AWC agree to provide full and complete answers to Global's requests we will not seek our own order compelling responses to remaining requests as well as not objecting to the AWC requests as outlined here:

Category 1: ICFAs, P3 Agreements, Requests for Service and Services Provided.

We understand AWC to have modified its Data Request Nos. 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, and 1.101 to request the following information:

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 2

- A description of how Global Entities – SCWC and PVUC – received requests for service from landowners and/or developers for their requested extension areas.
- Copies of written communications and/or descriptions of any oral communications regarding requests for service.
- A list of developers in a more readable spreadsheet or in electronic form.
- Copies of all ICFAs involving the extension that SCWC and/or PVUC will serve.
- Copies of any communications involving the ICFAs covering the requested extension areas requested by SCWC and PVUC.
- Maps of the areas covered by each ICFA for the requested extension areas requested by SCWC and PVUC.
- A description of the accounting of the money received by Global from the ICFAs until the money leaves Global or its regulated affiliates.

AWC has also requested responses, with detailed particularity, about Global's P3 Agreements with Casa Grande and Maricopa regarding its Data Request Nos. 1.8, 1.9, 1.10, 1.11 and 1.14:

- Copies of the relevant P3 Agreements, if there are any besides those with Casa Grande and Maricopa, and a confirmation that AWC has full and complete copies of the P3 Agreements with Casa Grande and Maricopa.
- An accounting of any monies received by Global via the P3 Agreements until the money leaves Global or its regulated affiliates.
- The date and manner of contact between Global and the cities, as well as describing who initiated the contact.
- Copies of written correspondence about the P3 Agreements and a description of any oral communications regarding the P3 Agreements.
- Confirmation that no other consideration is being paid to the cities other than what is outlined in the P3 Agreements.

Global is willing to provide the above information but only if AWC is willing to provide the following information:

- Global Data Request No. 1.13: A description of how AWC has received any and all requests for service regarding AWC's proposed extension area. Copies of any notices sent to landowners and/or developers as well as any and all copies of requests for service AWC has received up to and including the date of this letter. We would expect AWC to provide any additional requests for service until the dates this proceeding is scheduled for hearings.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 3

- Copies of any written and oral communications plus any agreements with cities or governmental entities about AWC providing water service in AWC's proposed extension area.
- Global Data Request No. 1.11: A description of any oral communications between AWC and ADWR regarding its requested extension area.
- Global Data Request Nos. 1.14, 1.15, 1.16, 1.94 and 1.95: Copies of any and all customer service agreements with the cities or the Southwest Water Company regarding providing wastewater service to AWC's requested extension areas. Any oral communications or written correspondence about this topic should be fully described and provided. Also, please provide us a full and complete copy of the "Cooperative Service Agreement" with Southwest Water Company.
- Global Data Request Nos. 1.17, 1.23 and 1.26: Any plans to deploy reclaimed water facilities, recharged water facilities, and surface water treatment facilities should be provided. Please also describe any oral communications and/or provide written correspondence about any plans to deploy any or these facilities within AWC's proposed extension areas, including any facilities mentioned in Decision No. 68302 and in testimony from Docket Nos. W-01445A-04-0650.
- Global Data Request Nos. 1.33, 1.34, 1.35, 1.36: Please indicate from which documents filed at the Commission this information can be found.
- Global Data Request Nos. 1.32 and 1.39: Please provide copies of any and all written communications or a description of any and all oral communications regarding AWC's plans to reduce using groundwater for the proposed extension area and for the Casa Grande system. Please provide a copy of the "best management practices conservation plan" mentioned in AWC's response to Global Data Request 1.32. Please also provide a copy of the well data for the Casa Grande system on file with the Arizona Department of Water Resources ("ADWR").
- Global Data Request Nos. 1.19 and 1.25: A list of any and all reclaimed water or recharge water facilities AWC owns and/or operates in Arizona.
- Global Data Request Nos. 1.37, 1.38 and 1.45: If the calculations cannot be provided, explain why not and what figures are needed to make those calculations.

Category 2: Inter-Company Transactions, Equity Infusions and Financial Issues.

We understand AWC to have modified its Data Request Nos. 1.26, 1.50, 1.51, 1.52, 1.102, 1.103 and 1.104 to request the following information:

- Transfers of ownership interests in Global over the past ten (10) years:

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 4

- Sources of equity that have been available to SCWC and PVUC over the past five years.
- Equity contributions from Global to SCWC and PVUC strictly derived from applicable ICFAs.
- Capital transactions, including the date and amount of those transactions for the last five years between SCWC and/or PVUC, and Global or its affiliates.
- A list of developments of 100 or more homes at buildout receiving service from SCWC and/or PVUC in the last three years or will likely receive service in the next two years.
- The types of infrastructure needed for those developments, the amounts financed by developers either through main extension agreements and/or ICFAs.

Global is willing to provide the above information but only if AWC is willing to provide the following information:

- Global Data Request No. 1.53: Please provide financial statements for any division, including Casa Grande, which will provide service in AWC's proposed extension area.
- Sources of equity and debt AWC uses for its Casa Grande division or any other division that will serve AWC's proposed extension area.
- Global Data Request No. 1.55: Equity contributions to AWC for use by its Casa Grande division for the past five years and a description of what AWC means by "paid in capital."
- Global Data Request No. 1.71: A list of all capital transactions between AWC and affiliates, holding companies involving AWC's Casa Grande division or any other division that will provide service to AWC's proposed extension area. Please include the amount and description of the transaction.
- Global Data Request No. 1.78: Please provide a list of developments of 100 or more homes AWC expects to be within its proposed extension area by December 31, 2011. For each development provide a description of the expected status of that development by December 31, 2011.
- Global Data Request No. 2.11: Provide a breakdown, by percentage, of the sources of capital AWC estimates it will use to finance the construction of facilities to serve AWC's proposed extension area.
- Global Data Request No. 1.4: Please provide a list of who or what entity, by percentage, owns United Resources, Inc. and a list of any ownership transfers of AWC and United Resources, Inc. that have occurred in the last ten (10) years.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 5

Category 3: Integrated Water and Wastewater Service.

We understand AWC to have modified its Data Request Nos. 1.73, 1.91, 1.92, and 1.93 to request the following information:

- Clarification of all of the common or shared services between SCWC and PVUC in providing service to their respective proposed extension areas.
- An itemized description of the savings Global would achieve with SCWC and PVUC providing integrated service.
- Any inter-company agreements between Global affiliates, and SCWC and/or PVUC, including copies of any billings made to SCWC and/or PVUC and a clarification of what is meant by "market-based prices."
- A clarification and description of what is meant by the term customer service and customer service facilities.
- An accounting of the costs for common or shared facilities.

Providing an accounting would be unduly burdensome. With respect to the remaining information, Global is willing to provide the above information but only if AWC is willing to provide the following information:

- Global Data Request No. 1.91: Please provide any study or evidence supporting AWC's apparent assertion that the benefits of a larger single-service provider outweigh the benefits of an integrated provider of water and wastewater.
- Please provide copies of any agreements with any wastewater provider regarding shared services or facilities within AWC's proposed extension area. Even if no agreements exist, provide any written correspondence and/or description of any oral communications with any wastewater provider regarding shared services or facilities within AWC's proposed extension areas.
- Global Data Request 2.12: Please provide copies of any written correspondence or descriptions of oral communications with any wastewater providers regarding providing reclaimed water services, using effluent to irrigate common areas and golf courses, or developing recharge facilities.

Category 4: Targets for Expansion.

AWC has renewed its Data Request Nos. 1.15, 1.16, 1.25, and 1.100. Global maintains its objection to AWC Data Request Nos. 1.15 and 1.16. Global does not believe that those requests have any relevance to the issues in this case, that the requests are overbroad and beyond the scope of this proceeding. Further, these two requests ask for the disclosure of proprietary business information. Global did not request equivalent

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 6

information from AWC, its parent company or affiliates. Global requests that AWC withdraw its Data Request Nos. 1.15 and 1.16 in their entirety.

With regards to AWC's Data Request No. 1.25, Global will confirm whether or not it has received any data requests in any ACC docket involving Desert Hills Water Company, without waiving its objection.

With regards to AWC Data Request No. 1.100, Global will not provide the amount paid, the source of funds, or any journal entries related to any acquisition it has made in the last five years. Global agrees to provide the date and description of acquisitions made in the last five years, if AWC agrees to provide the same data regarding acquisitions it has made in the last five years.

Category 5: Compliance Filings.

AWC is requesting that Global provide copies of any and all compliance filings it has made regarding financial terms of utility acquisitions, capital structure, debt terms and dollar amounts per its Data Request No. 2.12. AWC is also seeking copies of Global's "Acquisition Schedules" from Decision No. 67240 per its Data Request No. 2.13.

In return, AWC should be willing to provide Global with any and all compliance filings related to (1) schedules and other relevant data that was requested by Staff related to AWC's request for an Arsenic Cost Recovery Mechanism under Decision No. 66400 (October 14, 2003); and (2) provide all compliance filings related to Commission orders concerning AWC's Central Arizona Project Water Use Plan, the corresponding Central Arizona Project Hook-Up Fees, and the Non-Potable Central Arizona Project Water tariff required under Commission Decision No. 68302 (November 14, 2005).

Category 6 – CAAG 208 Amendments

If AWC is willing to meet all the other terms outlined in this response, Global will provide the following information in response to AWC Data Request Nos. 1.20, 1.21 and 1.86:

- A description of all the steps Global took to obtain CAAG 208 amendment for Global's proposed extension area.
- Copies of correspondence related to Global's efforts to obtain the 208 plan amendment.
- A copy of the relevant 208 plan.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 7

Category 7 – Hydrological Reports.

It was our understanding that both parties understood the other's hydrological reports to be confidential. Even so, should AWC insist on its Data Request No. 1.41 then AWC should provide the exact same hydrology reports per Global Data Request No. 1.40.

Category 8 – Performance Bonds.

Global will confirm that there are no performance bonds in place for any Global entity at present. Any previous performance bond obligations that were in effect for any Global entity are no longer in effect. This confirmation will supplement AWC Data Request Nos. 1.56, 2.7, 2.8, 2.9 and 2.10.

Category 9 – Effluent

With regards to AWC Data Request No. 1.81, Global will indicate that PVUC makes effluent available to SCWC for the purpose of water calculations and that this arrangement was the result of negotiations with ADWR. Global will confirm that no agreement exists between SCWC and PVUC to sell effluent or provide a copy of the effluent agreement, if all of the other terms outlined in this response are agreed to.

Category 10 – The Hill Murray/Canada Issues

Global maintains its objection to AWC Data Request Nos. 2.23, 2.24, 2.25, 2.26, 2.27, 2.28 and all other inquiries with regards to Hill Murray & Associates, Earth Tech, or Zenon Environmental, Inc. Global further maintains that the information sought in these requests is irrelevant, overbroad and beyond the scope of this proceeding. In addition, the information requested is not in Global's possession or control. Global requests that AWC also withdraw its Data Request Nos. 2.23 through 2.28 in their entirety. In response, Global will withdraw its Data Request Nos. 1.6, 1.7, 1.8, 1.9 and 1.10.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.

January 9, 2007

Page 8

We believe our proposal is a fair resolution to the outstanding discovery issues that remain between Global and AWC. But we are available for further discussions should you feel it is necessary. Should you desire further discussions, please contact us by January 12, 2007. Otherwise, please let us know by Tuesday, January 16, 2007, whether you intend to accept our proposal. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Sabo", followed by a horizontal line.

Timothy J. Sabo
For the Firm

TJS/mi



Steven A. Hirsch
Direct: 602-364-7319
sahirsch@bryancave.com

February 9, 2007

**VIA FAX 602-256-6800
AND REGULAR MAIL**

Timothy J. Sabo, Esq.
Roshka DeWulf & Patten, PLC
One Arizona Center
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004-2262

Re: Follow-up to our Meet and Confer Meeting Concerning Global's Responses
to Data Requests; Arizona Water Company v. Global Water Resources, et al.
Docket No. W-01445A-06-0199

Dear Tim:

This letter responds to your January 9, 2007 letter as part of our on-going discussion growing out of the "meet and confer" at your offices on December 14, 2006 and my letter to you dated December 22, 2006.

1. Infrastructure Coordination and Financing Agreements ("ICFAs")

In general, we agree with your description of the documents and information which Arizona Water Company seeks related to Global's ICFAs and Arizona Water Company's related data requests (1.2, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7 and 1.101). In exchange for Global's production of the identified information and documents, Arizona Water Company agrees to provide the requested responses to the Global data requests identified under Category 1 on pages 2-3 of your January 9, 2007 letter.

2. P3 Agreements

The Arizona Water Company data requests at issue are 1.8, 1.9, 1.10, 1.11 and 1.14. Your restatement of our requests is confusing and incorrect. Global has asserted that it does not receive any money under the P3 Agreements and therefore your offer to provide "an accounting of any monies received by Global via the P3 Agreements" makes no sense. As stated in my letter of December 22, 2006, Arizona Water Company requests that Global provide an accounting of "the total amount paid to each city as of the current date (or as reasonably close that may be more consistent with Global's accounting methods)."

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Washington, DC

And Bryan Cave,
A Multinational Partnership,
London

February 9, 2007
Page 2

Bryan Cave LLP

3. Global's Ownership and Sources of Equity

The Arizona Water Company data requests at issue are 1.26, 1.50, 1.51, 1.101, 1.102, 1.103 and 1.104. As noted in my December 22, 2006 letter, the crucial issue involves whether ICFA funds were used to provide equity to *Global*, the parent of SCWC and PVUC. Thus, your offer to provide information about the "sources of equity that have been available to SCWC and PVUC" or about "equity contributions from Global to SCWC and PVUC" amounts to misdirection. We also do not understand your attempt to narrow these issues to funds "strictly derived" from ICFAs. The issue concerns all funds derived from ICFAs, whether "strictly" or not. We are asking again that Global provide an accounting of *its* sources of equity and whether that equity derives from ICFA funds. You have also failed to respond to our request that Global provide a reasonable and fair proposal on how to narrow data requests 1.101-1.104 so as lessen the alleged burden.

If Global agrees to address these concerns in a meaningful manner, Arizona Water Company agrees to provide responses to certain of Global's requests listed on page 4 of your January 9, 2007 letter, specifically Global Data Requests 1.53, 1.55, 1.78 and 2.11. Arizona Water Company will continue to stand on its objections to Global Data Requests 1.71 and 1.4.

4. Intra-Company Agreements to Sell Effluent

The Arizona Water Company data request at issue is 1.81. During the "meet and confer" on December 14, 2006, you indicated that a intra-company agreement existed between PVUC and SCWC concerning the sale of effluent, and we have asked for a copy of that agreement. Your letter of January 9, 2007 states that "no agreement exists" but that instead an "arrangement" exists as "the result of negotiations with ADWR." To us, the alleged "arrangement" sounds like an "agreement" and we insist that Global provide full documentation concerning the "arrangement."

5. Alleged Benefits of Integrated Services

The Arizona Water Company requests at issue are 1.73, 1.91, 1.92 and 1.93. In general, we agree with your restatement of our requests. However, as noted in my December 22, 2006 letter, Arizona Water Company has requested copies of billings by Global Water Management LLC and/or other Global entities to SCWC and PVUC for the services rendered, as well as information about the details of the "market based" prices charged and an accounting of the costs of the common services or facilities shared by SCWC and PVUC. Your statement that providing such an accounting would be burdensome is unpersuasive. If Global cannot provide such an accounting, it should confirm that fact and explain why. If Global will agree to provide the information requested in this section, Arizona Water Company will agree to provide responses to the requests on page 5 of your January 9, 2007 letter.

February 9, 2007
Page 3

Bryan Cave LLP

6. Bond Requirement

The Arizona Water Company requests at issue are 1.56, 2.7, 2.8, 2.9 and 2.10. Global's continued assertion that there are no performance bonds "in place" seems evasive. Please confirm in writing that there are currently no ACC-imposed bond requirements on any of the Global entities.

7. Targets for Expansion

The Arizona Water Company data requests at issue are 1.15, 1.16, 1.25, 1.100, 2.12 and 2.13. Arizona Water Company does not agree to withdraw requests 1.15 and 1.16 (on identifying acquisition targets and purchase offers); this information is directly relevant to questions concerning the financial soundness of Global and its aggressive acquisition strategy. Arizona Water Company also restates that its position that the other information requested is relevant and must be provided by Global. Concerning Global's proposed compromise, Arizona Water Company hereby informs Global that Arizona Water Company has made no acquisitions within the last five years and therefore has no comparable data concerning acquisitions to disclose.

Concerning the compliance filings requested in 2.12 and 2.13, there is no reason to require Arizona Water Company to conduct a fishing expedition at the Commission's counter, and therefore Arizona Water Company again requests that Global provide copies of these public materials. If Global agrees to provide the requested compliance filings, Arizona Water Company will agree to provide the compliance filings sought by Global related to Decisions 66400 and 68302.

8. CAAG Plan and Process

The requests at issue are 1.20, 1.21 and 1.86. We again request that Global, as a gesture of its good faith efforts to resolve these discovery issues, simply provide us with copies of these public documents.

9. Hydrological Reports

The data request at issue is 1.41. Arizona Water Company did not agree at the "meet and confer" session that hydrological reports and information were confidential. Rather, Arizona Water Company has proposed that the parties enter into a confidentiality agreement concerning disclosure of such information by both sides. Please provide us with a proposed agreement including the terms under which Global would make such a disclosure.

10. Hill Murray/Canadian Issues

The requests at issue are 2.23, 2.24, 2.25, 2.26, 2.27 and 2.28. Arizona Water Company maintains its position that the information requested is highly relevant to Global's fitness to serve as a utility service provider and therefore Arizona Water Company will not withdraw these requests.

February 9, 2007
Page 4

Bryan Cave LLP

Please contact me or Rodney Ott as soon as possible 2007 concerning your response to these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "St. A. Hirsch", written in a cursive style.

Steven A. Hirsch

ROSHKA DEWULF & PATTEN

ROSHKA DEWULF & PATTEN, PLC
ATTORNEYS AT LAW
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET
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PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

February 20, 2007

Via electronic mail and facsimile

Steven A. Hirsch, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004
602.364.7070 fax
sahirsch@bryancave.com

Re: Your letter dated February 15, 2007
Arizona Water Company / Global Water contested CC&N case
ACC Docket No. W-01445A-06-0199 et al.

Dear Mr. Hirsch:

You have requested a formal update to the response of Palo Verde Utilities Company and Santa Cruz Water Company (collectively, "Global") to Arizona Water Company's ("AWC") data requests 1.15; 1.16; and 1.100. These data requests involve the acquisition of utilities. You may treat the following as our formal update.

As you are aware, Global Water, Inc. recently acquired the stock of Francisco Grande Utility Company and CP Water Company. These transactions closed on December 31, 2006. The purchases involved 100% of the stock of each company. On January 15, 2007, Global filed an "Acquisition Schedule" reporting on this acquisition in the relevant ACC docket. The Acquisition Schedule is available for public inspection, either in person at the ACC, or on-line through the ACC's "e-Docket" system. Since you have complained about the supposed difficulty of locating items through the e-Docket system, as a courtesy, I have attached a copy of the Acquisition Schedule as Exhibit 1.

Global's direct and rebuttal testimony discusses the benefits of these acquisitions at length. I trust that you are not demanding that we repeat that information here. In addition, Global's testimony explains that these acquisitions would not have been possible without the use of Infrastructure Coordination and Financing Agreements ("ICFAs"). A copy of the relevant ICFA will be filed in the Pinal County Recorder's Office. For your convenience, a copy of this ICFA is attached as Exhibit 2.

ROSHKA DEWULF & PATTEN

Steven A. Hirsch, Esq.
February 20, 2007
Page 2 of 2

The remaining information you request, such as the purchase price of the stock, is highly confidential, as explained in my letter to you dated January 9, 2007.

Very truly yours,
ROSHKA DEWULF & PATTEN

A handwritten signature in black ink, appearing to read "Timothy J. Sabo", followed by a long horizontal flourish.

Timothy J. Sabo
Attorneys for Global

TJS/llf
Enclosures;

EXHIBIT

"2"

correspondence, email, telephone, advertisement or other action calculated to elicit a response) by any of the Global Entities to discuss that municipality's or county's entry into a so-called Private Public Partnership ("P3"), Memorandum of Understanding ("MOU") or similar agreement.

- AWC 1.9 For each municipality and county identified in response to AWC 1.8, identify the date of contact, manner of contact (written or oral) and the name and title of the person who made the contact.
- AWC 1.10 For each municipality and county identified in response to AWC 1.8, provide copies of all written correspondence and documents of any nature (draft or final) provided to or received from the municipality or county concerning the P3 or MOU.
- AWC 1.11 For each municipality identified in response to AWC 1.8, describe in detail all oral communications and provide copies of all written communications, including but not limited to, representations or promises made to the municipality concerning the P3 or MOU.
- AWC 1.12 Provide copies of all P3s or MOUs which have been proposed to a municipality, whether in draft or final, executed or unexecuted, and for each disclose whether it is recorded in the State of Arizona, and if so, provide the recording information.
- AWC 1.13 Provide an updated map or maps showing all areas in the State of Arizona which any of the Global Entities believes or asserts are subject to a P3 or MOU.
- AWC 1.14 For each municipality, county and entity identified in response to AWC 1.8, provide an accounting of all monies or other consideration paid or to be paid by any of the Global Entities under or related to any P3 or MOU.
- AWC 1.15 Identify all utilities or public service corporations in Arizona which any of the Global Entities have acquired or sought to acquire, including but not limited to any stock purchases of any amount in any utility or public service corporation.
- AWC 1.16 For each utility or public service corporation identified in response to AWC 1.15, provide an accounting of all monies or other consideration paid or offered to be paid, and all stock purchased or proposed to be purchased, together with copies of all correspondence or documents related to such purchase or offer.
- AWC 1.17 Identify and list all witnesses that SCWC or PVUC intends to call or may call to testify at the hearing in this matter, provide a summary of the subject matter of their testimony and their qualifications, and provide all

- AWC 1.94 Identify the source of water supply and storage that SCWC, its affiliates or holding companies will use to meet the water demands in the area that SCWC is seeking to add to its certificated area in this case.
- AWC 1.95 Provide copies of all approvals to construct a water system that SCWC or any of the Global Entities has received from the Arizona Department of Environmental Quality to serve, or help to serve the area that SCWC is seeking to add to its certificated area in this case.
- AWC 1.96 What is estimated cost of all facilities currently believed necessary for arsenic treatment and removal in the area that SCWC seeks to add to its certificated area in this case?
- AWC 1.97 Is the estimated cost in AWC 1.96, above, reflected in SCWC's proposed rates for serving the area it seeks to add to its certificated area in this case? If not, what impact does SCWC estimate that estimated cost will have on SCWC's proposed rates?
- AWC1.98 Summarize all plans by SCWC or any of the Global Entities for the treatment and removal of arsenic from the water SCWC plans to serve the area that SCWC seeks to add to its certificated area in this case.
- AWC 1.99 Provide a current list of regulated water or wastewater utilities owned in whole or in part by any of the Global Entities, and provide a current CCN map for each entity.
- AWC 1.100 For any ownership interest identified in response to AWC 1.99 that was originally acquired or increased in the last five years, include without limitation the type of each acquisition, the date and description of each individual transaction, the purchaser, the amount paid, and the percentage of entity owned as of October 1, 2006. Please describe the source of funds for each acquisition and provide a descriptive copy of all journal entries related to each purchase.
- AWC 1.101 For each ICFA, list the payments that have been received by date and the remaining estimated payments that are required. Describe the accounting for ICFA payments, all specific limitations on the use of ICFA funds, permissible uses and the amount expended, disbursed or invested by year, type of use and receiving payee/affiliate. Provide the descriptive journal entries used by any affiliate to record payment or any transfers of ICFA funds to the affiliate.
- AWC 1.102 Provide a descriptive list of all capital transactions including the date and amount for the last 5 years between all Global Entities not previously described in response to AWC 1.100.

EXHIBIT

"3"

**ARIZONA WATER COMPANY'S
RESPONSE TO GLOBAL'S
FIRST SET OF DATA REQUESTS (REVISED)
(DOCKET No. W-01445A-06-0199 ET AL.)**

Data Request No. Global 1.4

Please list the names of the shareholders or owners of each entity listed in response to Data Request No Global 1.3. For each of these shareholder(s) or owner(s), indicate what percentage of the affiliate or holding company they own, or indicate the number and class of shares that they own.

Response to Data Request Global No 1.4

San Gabriel Valley Water Company is 100% owned by Utility Investment Company which is 100% owned by United Resources, Inc., as is Rosemead Properties, Inc. Arizona Water Company does not have knowledge regarding the ownership of United Resources, Inc.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.5

Please list all witnesses AWC intends to call at the hearing in this case. For each such witness, provide a description of the subject matter of their testimony and their qualifications.

Response to Data Request Global No 1.5

William M. Garfield, President; Ralph J. Kennedy, Vice President and Treasurer, Michael J. Whitehead, Vice President Engineering.

At this time, it is anticipated that each of these witnesses may be called to testify concerning the facts for which they are listed as responders in Arizona Water Company's Responses to Global's First and Second Data Requests. Arizona Water Company is preparing its case presentation and, if requested, will supplement this response as to more specific subjects that each witness may address following review of the Staff Report to be issued in this matter.

Responder(s): William M. Garfield

EXHIBIT

"4"

BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCUMENT CONTROL

COMMISSIONERS

Jeff Hatch-Miller, Chairman
William A. Mundell
Mike Gleason
Kristin K. Mayes
Gary Pierce

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-04-0767

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-04-0767


**NOTICE OF FILING IN COMPLIANCE WITH
DECISION NO. 67830
(Acquisition Schedule)**

Global Water Resources, LLC, in compliance with Decision No. 67830 in the above-captioned dockets,¹ submits the attached Acquisition Schedule.

RESPECTFULLY submitted this 16th day of January 2007.

ROSHKA DEWULF & PATTEN, PLC

By



Michael W. Patten

Timothy J. Sabo

One Arizona Center

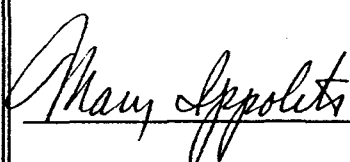
400 East Van Buren Street, Suite 800

Phoenix, Arizona 85004

¹ Certain compliance requirements for Decision No. 67240 were carried over to, and incorporated in, Decision No. 67830. See Decision No. 67830 at 11-12. Therefore, in order to avoid duplicate filings, Palo Verde Utilities Company and Santa Cruz Water Company are filing the compliance items in these dockets, but not the dockets underlying Decision No. 67240 (SW-03575A-03-0586 and W-03576A-03-0586).

KUSHNER DEWOLF & FALLEN, PLLC
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PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

- 1 Original + 15 copies of the foregoing
- 2 filed this 16th day of January 2007, with:
- 3 Docket Control
- 4 ARIZONA CORPORATION COMMISSION
- 5 1200 West Washington
- 6 Phoenix, Arizona 85007
- 7
- 8 Copies of the foregoing hand-delivered/mailed
- 9 this 16th day of January 2007, to:
- 10
- 11 Dwight Nodes, Esq.
- 12 Administrative Law Judge
- 13 Hearing Division
- 14 Arizona Corporation Commission
- 15 1200 West Washington
- 16 Phoenix, Arizona 85007
- 17
- 18 David Ronald, Esq.
- 19 Legal Division
- 20 Arizona Corporation Commission
- 21 1200 West Washington
- 22 Phoenix, Arizona 85007
- 23
- 24 Ernest G. Johnson, Esq.
- 25 Director, Utilities Division
- 26 Arizona Corporation Commission
- 27 1200 West Washington
- Phoenix, Arizona 85007
- Brian Bozzo
- Utilities Division
- Arizona Corporation Commission
- 1200 West Washington
- Phoenix, Arizona 85007



Attachment B

Acquisition Schedule

This Acquisition Schedule shall be prepared pursuant to the Settlement Conditions contained in Arizona Corporation Commission Dockets No. SW-03575A-03-0568 and No. W-03576A-03-0568.

PART 1

Describe below each investment in, or acquisition of, any utility made by Global Water Resources, LLC during the six month period ending on the date this document is executed.

Francisco Grande Utility Company (Water & Wastewater) – Dec 2006

CP Water Company– December 2006

The above two entities were purchased by Global Water, Inc., a wholly owned subsidiary of Global Water Resources, LLC.

PART 2

As of 30 Nov 2006, the capital structures of Palo Verde Utilities Company (PVUC) and Santa Cruz Water Company (SCWC) and any other GWR acquired utility are as follows:

	PVUC		SCWC	
	Amount	%	Amount	%
Long-Term Debt*	\$0	0%	\$0	0%
Equity**	\$54,222,568	100%	\$33,314,426	100%
	<u>\$54,222,568</u>	<u>100%</u>	<u>\$33,314,426</u>	<u>100%</u>
		Cave Creek Water Co		
	Amount	%	Water Utility of Greater Buckeye	
Long-Term Debt*	\$0	0%	\$80,001	34%
Equity**	\$3,603,355	100%	\$155,187	66%
	<u>\$3,603,355</u>	<u>100%</u>	<u>\$235,188</u>	<u>100%</u>
		Valencia Water Co		
	Amount	%	Water Utility of Greater Tonopah	
Long-Term Debt*	\$133,911	7%	\$294,192	76%
Equity**	\$1,914,699	93%	\$94,827	24%
	<u>\$2,048,610</u>	<u>100%</u>	<u>\$389,019</u>	<u>100%</u>
		Willow Valley Water Co		
	Amount	%	Water Utility of North Scottsdale	
Long-Term Debt*	\$484,929	85%	\$0	0%
Equity**	\$85,821	15%	(\$38,599)	100%
	<u>\$570,750</u>	<u>100%</u>	<u>(\$38,599)</u>	<u>100%</u>
		Hassayampa Utility Co		
	Amount	%		
Long-Term Debt*	\$0	0%		
Equity**	\$319,572	100%		
	<u>\$319,572</u>	<u>100%</u>		

*Include current portion of Long-term Debt.

**Includes Common Stock, Paid In Capital and Returned Earnings (Deficit).

The undersigned also confirm that at no time during the last six months did the equity ratios (as calculated above) of PVUC and SCWC fall below 40%.

WE THE UNDERSIGNED TREVOR HILL AND LEO COMMANDEUR, DO SAY THAT THE ABOVE INFORMATION HAS BEEN PREPARED UNDER OUR DIRECTION AND WE HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID COMPANIES FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH & EVERY MATTER AND THING SET FORTH, TO THE BEST OF OUR KNOWLEDGE, INFORMATION AND BELIEF.

X

16 Jan 07

X

16 Jan 07

Signature of owner or official/date

Signature of owner or official/date